

# QUARTERLY FINANCIALS

FIRST QUARTER 2022



## **We are your source for superior long-term insurance and risk financing products and services.**

Energy Insurance Mutual Limited (EIM) is a mutually owned insurance company that provides its Members with substantial capacity on its core products of Excess General Liability, Excess Directors and Officers Liability, and Excess Fiduciary Liability coverage for losses in excess of at least \$35 million.

In addition, capacity is available on other classes of business, including Property and Cyber Liability, for those Members who purchase Excess General Liability and/or Excess Directors and Officers coverage.



Energy Insurance Mutual Limited (“EIM”) recorded a loss on surplus of (\$75.6) million for the three months ended March 31, 2022 compared to a gain of \$17.0 million for the same period in 2021. EIM recorded a loss from underwriting of (\$33.5) million compared to a gain of \$3.2 million in the prior year.

EIM had an investment loss of (\$62.8) million for the first three months of 2022 compared to income of \$17.5 million for the same period in 2021. Current year investment results were impacted by unfavorable market performance.

Highlights from 2022 include:

- Distribution of \$50.0 million paid in March 2022 to members of record at December 31, 2021.
- Policyholders’ Surplus of \$1.2 billion, a decrease of \$75.6 million or (6.1%) for the year.
- Combined ratio of 154.3% for the first three months 2022 as compared to 94.2% for the same period prior year.
- Membership retention of 100% was achieved in the first three months of 2022.

EIM’s return on investments of (3.30%) compared to a benchmark return of (3.29%). The return is a result of losses on US equities of (4.11%), international equities of (6.22%), fixed income securities of (4.45%) and gains on alternative investment securities of 2.12%.

While the first quarter 2022 saw a 3.3% negative investment return driven by a drop in equity markets and fixed income securities, EIM remains confident, based on the diversity and allocation of its investment portfolio, that the long term investment returns are on track and achievable, with 5 and 10 year averages both above 5.5%. In addition, the first quarter combined ratio of 154%, while notable, is somewhat skewed given the fact that the combined ratio is subject to more volatility with only three months of activity. We expect to see the combined ratio improve as the year progresses. EIM’s 5 and 10 year combined ratios are 107% and 100%, respectively.

# FINANCIAL STATEMENTS

As of and For the Period Ending March 31, 2022  
(Unaudited)

## Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	03/31/22	12/31/21
<b>Assets</b>		
Investments	\$ 1,900,623	\$ 2,024,570
Cash and cash equivalents	46,873	67,599
Reinsurance recoverables on losses	536,319	529,275
Prepaid reinsurance premiums	33,538	37,230
Premiums receivable	6,752	14,206
Income taxes recoverable	7,552	9,111
Other assets	1,928	2,461
Total assets	<u>\$ 2,533,585</u>	<u>\$ 2,684,452</u>
<b>Liabilities and policyholders' surplus</b>		
Reserves for losses and loss adjustment expenses	\$ 1,176,970	\$ 1,127,868
Unearned premiums	117,813	169,258
Reinsurance premiums payable and funds held	1,908	1,693
Net deferred tax liability	47,870	70,067
Policyholder distributions payable	-	50,000
Accounts payable and accrued expenses	16,662	17,555
Total liabilities	<u>1,361,223</u>	<u>1,436,441</u>
Policyholders' surplus	<u>1,172,362</u>	<u>1,248,011</u>
Total liabilities and policyholders' surplus	<u>\$ 2,533,585</u>	<u>\$ 2,684,452</u>

## Statements of Income YTD

(Expressed in Thousands of U.S. Dollars)

	03/31/22	03/31/21
<b>Underwriting revenue</b>		
Net premiums earned	\$ 61,665	\$ 54,060
Other underwriting income	236	1,093
Total underwriting revenue	<u>61,901</u>	<u>55,153</u>
<b>Underwriting expenses</b>		
Net losses and loss adjustment expenses	90,539	47,276
Policy acquisition costs	879	884
Administrative expenses	3,982	3,824
Total underwriting expenses	<u>95,400</u>	<u>51,984</u>
Loss (income) from underwriting	(33,499)	3,169
Investment (loss) income	(62,788)	17,516
(Loss) income before income taxes	(96,287)	20,685
Income tax (benefit) expense	(20,638)	3,720
Net (loss) income	<u>\$ (75,649)</u>	<u>\$ 16,965</u>